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THE UNIVERSITY OF ADELAIDE

The Humanizing of Commerce and Industry

THE JOSEPH FISHER LECTURE
IN COMMERCE

DELIVERED IN ADELAIDE

9TH MAY, 1919

BY

GERALD MUSSEN, ESQ.

ADELAIDE

G. HASSELL & SON, CURRIE STREET

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PREFATORY NOTE

In 1903 the late Mr. Joseph Fisher paid the sum of £1,000 to the University of Adelaide for the purpose of promoting, with the income thereof, the study of commerce at the University.

The "Joseph Fisher Lecture in Commerce" was founded as one result of this endowment.

The lecture is given biennially on a topic relating to commerce, industry, or finance by a lecturer who is appointed from time to time by the Council. The lectures are free and are open to the public, and printed copies are afterwards distributed at the cost of the fund.

The present lecture, which is the eighth of the series, was delivered by Mr. Gerald Mussen, Industrial Adviser to the Broken Hill Associated Smelters.

The following is a complete list of Fisher Lectures given since their foundation:

1904—"Commercial Education", by Henry Gyles Turner, Esq.

1906—"Commercial Character", by L. A. Jessop, Esq.

1908—"The Influence of Commerce on Civilization", by J. Currie Elles, Esq.

1910—"Banking as a Factor in the Development of Trade and Commerce", by J. Russell French, Esq.

1912—"Australian Company Law; and Some Sidelights on Modern Commerce", by H. Y. Braddon, Esq.

1914—"Problems of Transportation, and their Relation to Australian Trade and Commerce", by the Hon. D. J. Gordon, M.L.C.

1917—"War Finance: Loans, Paper Money, and Taxation", by Professor R. F. Irvine, M.A.

1919—"The Humanizing of Commerce and Industry", by Gerald Mussen, Esq.

Copies of any of these lectures may be obtained free of charge on application to the Registrar, University of Adelaide.

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THE HUMANIZING OF COMMERCE AND INDUSTRY

I SHOULD like it to be clearly understood that the views which I express to-night are my personal opinions, and that I do not speak on behalf of any of the companies to which I act as industrial adviser.

Do commerce and industry require humanizing?

Let us make a short examination of existing conditions and practices, to see whether Australia has been proceeding on the best lines. I do not propose to give a historical review of the growth of our present system of trade and commerce, its economic laws, and its industrial conditions. Our concern to-night is with the existing conditions of the lives of our people, not what brought those conditions about. We have gone through the greatest war in history, involving appalling loss of human life and uncountable destruction of the world's possessions. We have emerged victorious, with the cause of civilization saved and the road of progress standing out clearly in front of us. While we are still dazed with the noise and tumult of Armageddon, our jarred senses and tired nerves have been shocked horribly by a great outburst of social and political revolution. We have now become indifferent to the fact that almost each day, in some disturbed part of the world, a new social system is created by a band of rebels, who throw down the rulers of the previous day, and are in turn displaced before there is any clear understanding of what they stand for. All through the world a mighty ferment is working. Our old sense of peace, tranquillity, and security is gone. The old order changeth. Where will it end? We wearily admit, "We know not."

Now this attitude of folding our hands helplessly in our laps, of waiting with humility to see what is going to happen is traitorous

to our great homeland, Australia. We are living here to-day under the freest constitutional conditions that any social system can give. We have one adult one vote, and majority rule. No revolution here, no smashing of our social system, will give us greater freedom. To-day any citizen has only to convince a majority of his or her fellow-citizens that what he or she advocates is right and good, and it can be made the law of the land. If conditions exist to-day that are wrong or unfair, we have no one to blame but ourselves. We are free to alter our conditions at any time, so long as the majority wishes to do so. Our charter of liberty is the widest in the world. It is based on adult suffrage and majority rule, the only possible basis upon which democracy can rest. Whoever preaches a class rebellion in Australia, whoever urges physical force to secure reform, is a traitor to our constitution, a plotter against our liberty, and an advocate of tyranny. Here in Australia our forefathers have laid for us the very corner stone of liberty. It is for all Australians, regardless of social position, to safeguard that liberty and to use it so that on the principles of right and justice we may build a national life that will place Australia's name in peace as high in the temple of fame as our soldier sons have placed it in time of war. Most of us here to-night have been permitted to live our lives under conditions of peace and order. Unless we bestir ourselves, our children may be deprived of that privilege, simply through our own supineness. Those who are too tired to fight for liberty do not deserve to possess it.

In making this appeal for the preservation of our existing constitutional rights I do not mean that our Federal or State Constitutions should not be altered. As a free people we must retain our existing right to alter our constitutions in any way the majority wishes, and we may be sure that if we do our duty no alteration will receive majority approval that is not based on right, justice, and liberty for all equally, with privileges for none.

Let us turn now to the existing conditions of our Australian life and see whether they accord with these principles, remembering that if they do not we all share the blame. Let us remember, too, that the great war will have been fought in vain if it has not made us kindlier one to another, and if it has not left us determined to make the world in general and Australia in particular a better place to live in. Australia has been proud of her trade and commerce.

There are plenty of people in the community who mistakenly use the volume of Australia's overseas trade as the gauge of our prosperity. Thus when, in spite of the war, in 1916-17 we soared up to the record overseas trade figures of imports £76,299,000, and exports £97,955,000, making a total of £174,184,000, or £35 14s. 5d. a head, there were glowing comments on our wonderful prosperity. Even if this gauge of prosperity were accepted as economically sound, which it is not, an investigator would be puzzled to explain why this seeming prosperity was accompanied by the most widespread industrial unrest, and the greatest number of strikes Australia has ever known. Clearly there were enormous monetary transactions in 1917, and no doubt somebody enjoyed great prosperity, but 173,970 employees became involved in 444 strikes, losing 4,599,658 days' work, representing £2,594,808 in wages. We all know that our seeming prosperity was accompanied by a great increase in cost of living. While some people were enjoying greater profits or remuneration than they had ever had in their lives, others found the margin between what they received and what they had to pay out to live rapidly disappearing. There has been no official investigation into the cause of the widespread industrial unrest in Australia, but in Great Britain the Royal Commission which investigated the cause of industrial unrest there, reported that in the great majority of cases discontent was due to the increase in the cost of living. No doubt the same cause was mainly responsible in Australia. No one can deny, however, that a country which in time of war permits some of its citizens to suffer want, while others do not know how to spend their great gains, is, to say the least, badly governed, and that a social system which produces such results requires amendment.

What then is wrong with this system under which we are working? Some of its faults are quite obvious, and the outlining of them will indicate the direction in which we may hope to make improvements. We produce annually about £200,000,000 worth of products. In 1917, owing to high prices, production went up to £270,427,000. According to the last census figures rather less than half of our population is engaged in production, trade, and commerce, the others being children, women, or dependents. We can probably reckon on 2,200,000 producers, workers, and traders, including 200,000 domestic helpers. How is this industrial army

of 2,200,000 organized? How are the recruits for each occupation obtained? We are told that it is done by the law of supply and demand. Take any average Australian boy. How is his future avocation determined? Not by the general law of supply and demand, but largely by the law of supply and demand in his own home. In other words, the financial circumstances of his own home determine largely at what he is to work. If his parents are poor, he must get work at the best paying job available. Many parents have for long years stunted themselves in order that their children may get a skilled training of some kind, thus securing a better chance in life than their parents had. If the parents are better off they endeavour to find out their boy's natural bent, and to place him in some occupation he specially fancies. But they have nothing to guide them in making a decision. If they decide to make their boy an electrical engineer they do not know whether there is likely to be a shortage or a surplus of electrical engineers. Similarly there is no guide as to whether the community will want carpenters, or fitters, or bricklayers, or other skilled tradesmen. It is all just a blind choice, dictated by fancy, necessity, or accident. This is one of the contributing causes of the community finding itself every now and then with a number of unemployed in its midst. Nobody bothers to get out statistics indicating the industrial position and prospects, to guide parents in choosing occupations for their boys and girls. It is all just haphazard.

When we turn to the actual production of goods, we find just the same lack of organization and direction. Each man who goes on the land pleases himself what he grows. He comes into town, asks agents or other farmers how they reckon the markets are going, and on their inexact opinion decides what to sow. If when his crop is harvested there is no market for his products, we remark what a fool he was to grow that stuff. We forget that in forcing that farmer to decide for himself on insufficient knowledge, we are unfair. His loss entails hardship on his wife and family and loss to the community, which has thus grown a product for which it can find no use. Yet the community has a very direct interest in seeing that no productive effort like this is wasted. Other men drop wheat growing and go in for sheep, or vice versa, simply because they think the new occupation will be more profitable. If a man loses, who cares? It is the law of supply and demand. If he can catch

the community short of some essential, he will in return extort from the community the biggest price he can get for his product. When he does that he forces up the cost of living of all the people who use his product, and they in turn require more wages. The increase is passed on and on until the whole economic structure shakes. We call this our organized system of production. It is not an organized system. It is only the beginning of a system. In manufacturing the same extraordinary haphazard conditions prevail. Nobody knows what quantity of any article the community needs. Each manufacturer makes his own guess, throws in one or two varieties as new season's patterns, and hustles his salesman out on the road to find buyers. If the market happens to be flooded with cheap Asiatic or foreign stuff, the salesman fails, the factory shuts down, the employees have to look for work elsewhere, while in the store-room lie thousands of pounds' worth of goods not required. We laugh at the manufacturer for being short-sighted, but we should weep for him and his employees, as in the end the community has to pay for this mistaken effort of production.

It is interesting to note the action taken in other countries to cope with this problem during the war. In Great Britain and France there was an investigation into boot manufacturing. It was found that there were hundreds and hundreds of patterns being turned out, each year bringing forth a new crop. This in turn had led to thousands of shopkeepers buying quantities of each of these hundreds of varieties, and in each case they had to stock a range of sizes. The public bought a little, and then its vagrant fancy turned to other shapes and patterns. The result was that thousands of pounds' worth of boots were lying on the shelves of the boot shops, out of fashion and not required. Under war conditions this had to stop. An effort was made under expert guidance to reduce the patterns of boots manufactured to a reasonable number. This resulted in a saving of leather; also a number of those previously engaged in boot making were released for other war work. The community had conserved its stock of leather and the public got cheap boots. There is bound to be an effort made to continue this arrangement under peace conditions. The discussion in Great Britain regarding a national uniform of one pattern for all citizens to wear during working hours has shown ways of eliminating waste and cheapening production. In America the manufacturers,

when brought together under the war-time board, made some extraordinary discoveries. They found in the furniture trade, for instance, that they could afford to cut out half of their two million patterns, and so cheapen the production and sale of standard lines. A committee investigated transport on the railways and found that by altering the sizes of packages of certain goods every inch of space in the railway trucks could be utilized. The equivalent of an additional 125,000 trucks' space was thus secured. This meant in practice a reduction of freight, and enabled a lower selling price to be charged.

Against this organized campaign for eliminating waste effort and getting efficiency in production, Australia will have to compete. It is time we awoke on the business side. Then, too, our system of distribution could not be more ludicrous than it is. We are all familiar with the silly surplus of milk and butchers' carts in our home streets. Do we realize that there is no restriction whatever on shopkeeping other than in regard to the rate of pay and conditions of employees? A man goes out to a growing suburb and starts a retail shop. A year later his prosperous look leads another man to push in and open a second similar shop. The first man was able to run his business on, say, a basis of 15 per cent. on cost, but the advent of a competitor, who gets some of his trade, forces his cost up to 25 per cent. There are now two retailers, each with a separate staff, to divide the trade of the locality. A year later a third man comes in, eventually gets a footing, and the three shopkeepers proceed to fill the public's requirements at a cost of 30 or 35 per cent. Two of them should not be there. One could do all the business. Yet the community permits this wastage of human effort and pays for it. The second and third shopkeepers and their staffs and carts should be prevented from becoming a charge on the community, and should be directed towards some productive employment. The same thing occurs in regard to unnecessary agents. It is no advantage to the community to have scores of agents engaged in selling and re-selling lines of goods, even if they do make a good living. Many of them are doing unnecessary work at the cost of the community, and their energies could, with advantage, be transferred to a productive occupation.

Is it not wonderful that under this disorganization our industrial army of 2,200,000, despite the absence of our soldiers, produced

in 1917 £270,427,000. What would have been our production if all waste effort had been cut out and the number of middlemen, shopkeepers and agents, reduced to those actually required for the public convenience and the remainder employed as wealth producers? If we are to carry our immense war burdens we must get increased production. We shall probably be forced by necessity to transfer many people now engaged in distribution to the productive industries. Our bad organization is due mainly to the fact that our business is a **go-as-you-please method based on profit**. If we systematized more, each individual would not be as free as at present to buy and sell as he pleased, regardless of whether he served the community well or ill. As the chief end of trade and commerce is to make money, we need not be surprised that in the struggle to snatch money out of our transactions we have often been blind to the human injury and injustice we have done. We have become the slaves of money. I suggest that in future, humanity will have to receive first consideration. If we are slow to act we may be compelled, like some other parts of the world to-day, to face the issue whether we are to be ruled by hatred and tyranny or by love and liberty.

Five short years ago the majority of us were simply money-grubbing. We wanted all the money we could get each for himself. The object of life was profit. All sections of the community followed the same principle. We knew that suffering and misery stalked among us, but so long as we individually escaped we did not really care. The churches wrung their hands and deplored the general selfishness, but were content to float down life's stream mildly protesting. The politicians, being no better than the rest of us, made a game of life and played one party against the other for office and pay. Economists and financiers with very few exceptions cheered our country on to borrow vast sums abroad, and were content to see a national orgy of wasteful expenditure providing great opportunities for private accumulation. The universities and educationists generally were powerless, almost voiceless, for few of us heard their warnings. The mass of us accepted conditions as we found them, and did not worry. The higher side and purpose of life were forgotten. We were content to feed on husks.

The great war awakened us. Our Empire was endangered. Our own homes and liberties were threatened. The call of the blood of our forefathers thrilled us all. Volunteers poured into the

training camps from bush and city, farm and office—rich and poor, all creeds, all conditions offering, not their money, but their lives to save us. Our patriotism became articulate and real. Australian manhood was united in a splendid mateship of self-sacrifice. On the battlefields of Gallipoli, Palestine, and France that mateship was made eternal. More than fifty thousand precious lives have been given for this Australian homeland of ours. Two hundred thousand have been maimed or injured, and thousands of others have toiled unceasingly so that our vast sunlit continent may be preserved to us and our children.

By the blood of our heroes the oneness of the Australian people has been cemented. That oneness, with the return of peace, now requires concrete expression. The old callous indifference to suffering and misery must go. A new understanding of life is breaking in upon us. The grandeur of humanity has been revealed to us by the sacrifice of our own flesh and blood. The old pre-war conditions have become intolerable. Upon us who have stayed at home in ease and comfort devolves the duty to probe deeply into the causes of unhappiness and discontent in our midst, and fearlessly to advocate remedies, so that the way may be prepared for a greater and fuller national life. Change is in the air. A new era is dawning. We have accepted the sacrifice of thousands of lives for our preservation. We cannot make payment for this across the money-changers' tables.

Great Britain has been setting us a worthy example by making great preparations for a new order. Time has been snatched from war duties to prepare a revolutionized system of education for the people. The housing problem has been faced and orders given to build at once 100,000 homes, to be followed by 300,000 more. It is reported that the British Government intends in future to provide, through the municipalities, all the houses required by the citizens. As a health provision the milk supply throughout Great Britain is to be nationalized. This is only the beginning. Investigation by the best brains available is proceeding into every possible post-war problem, and the way is being paved for fundamental changes. What is the key to all these changes?

It is the Gospel of Happiness. It means the recognition of the right of every citizen to live a life of happiness. It means the true realization of the equality of men. The rights of Magna Charta; the

spirit of the French Revolution—Liberty, Equality, Fraternity; the freedom of the American Declaration of Independence, and our own Australian Constitution will, under the new conception, be enriched and widened. The human element in commerce and industry must have first consideration, and profit must be placed second. The object of life is happiness—not money.

Let us look back over our pre-war legislation and conditions, and see if they complied with the Gospel of Happiness. In a dim, unseeing way we have tried in the past to legislate to bring about ideal conditions. But we were working on a fundamentally wrong principle. We gave legislative recognition to the belief that the object of life is profit or money. But money is only a means to an end. We have always treated it as the end—not the means. We grasped at the shadow—money—and missed the substance—happiness. In missing the great truth that the object of life is happiness, not money, we unconsciously struck a staggering blow at all our money-making projects. The irony of it is that there is considerable experience to show that any business—private or public—carried out with due regard to the happiness of all concerned, will in the end return more profit than if run as a mere money-making concern.

To-day the great Australian mateship born in the heroism and suffering of war requires us all to recognize that every Australian man, woman, and child has a right to practical participation in the Gospel of Happiness. Why should anyone born in this world be sentenced to unhappiness by reason of the conditions surrounding his or her life? All are born with an equal right to happy conditions, and the true meaning of all the industrial unrest, so marked of recent years, is that the great mass of people have been trying to give voice to their craving and right to a share of the happiness of the world. But because their demands have been made usually in terms of money, resistance has been offered and strikes have occurred, with loss to the community and hideous suffering to many. It is pitiful to think that even the granting of increased money to wage-earners has left them just as unable as previously to obtain the happiness they sought. The reason for this is that the individual cannot buy with money the conditions essential to his happiness. What are these conditions?

The first is health. This is the essential basis of all material

happiness. All men and their wives and children are entitled to be kept healthy. The greatest asset any nation has is the health of its people, and if the money-grubbers still fear costs, investigation will prove to them that no matter how high the expenditure on the preservation of the nation's health, it will still be profitable.

To appreciate this it is only necessary to examine the results obtained in our vast armies during the war. The most highly skilled and gifted doctors and specialists were called to the nation's service to devise means of preventing disease among the soldiers. The results were amazing. The same skill, supplemented by the efforts of thousands of warm-hearted nurses, has been devoted to making well the sick and the injured. In pre-war times could the humblest citizen in the community rely on receiving such gladly-given and sympathetic attention? Certainly not. But in post-war times each of us will have to admit his direct interest in the health of every other member of the community, and gladly give support to some form of communal service under which the highest and the lowest of our citizens—tiny babes or aged men or women—will all receive the best medical, surgical, or nursing skill to heal them—not as a charity or for money, but as a right gladly acknowledged and a service anxiously rendered in the common name of humanity.

We have got to realize quickly that our personal obligation as members of a community each to the other is to see that all have the basic conditions essential to human happiness. Delay will bring disaster in the aftermath of the war, but with the acceptance of this view comes the duty of putting it into practice and making the Gospel of Happiness real. Health—the base of material happiness, will have to be handled in new, far-reaching ways. Until then we shall never cease to shudder at our past neglect, with its untold suffering and misery.

I can hear some one say: "That is an amiable ideal, but is it practicable?" The answer is that it is not only practicable, but it is actually going to be profitable. I see from the published figures of the experience of members of friendly societies that each member averages ten days' sickness a year. If this experience is applied to the industrial army of Australia, excluding dependents, it enables us to calculate that in a year the loss to the community, at ten shillings a day, from sickness of workers, amounts to twelve and a half million pounds. This does not take into account the necessary

attendance on the workers during their sickness, nor the provision of drugs and special comforts. If then we could remove sickness from our midst, the good health resulting would automatically increase our production by over twelve and a half million pounds a year. Even if it cost that sum, the expenditure would be justified to alleviate the human suffering involved.

In devising a practical policy to secure better health we shall have to rely largely upon the advice of our health authorities throughout Australia. It has been already recognized in other countries, particularly Great Britain, that a true health policy calls for a much greater effort on the preventive side than upon the healing side, and it is interesting to note that in Great Britain the members of the British Medical Society have vied with each other in making valuable suggestions as to the means by which the health of the people can be preserved. It is suggested that the future education of medical men should provide for about fifty per cent. of the training being devoted to means of preventing disease, the other fifty per cent. to the healing of disease.

With health guaranteed by the community, I suggest that the next essential to happiness is a system of proper education. Without it the citizen cannot enjoy the beauties of our world and of creation and mankind; his usefulness to the community is limited, and one more is added to the discontented, unhappy, inefficient section.

I am not competent to express any view on the practical alterations that should be made in our system; I can only speak from experience of the failure of our present methods to fit young men and women properly to start the business of life. Most of them find on commencing a business career that they have to begin to re-educate themselves. I have been particularly struck, too, with the fact that our educational system does not teach national ideals. I believe that if we are to succeed in the reconstruction of our part of the world, it is essential we should have clear national ideals as the goal towards which we as a people are seeking to travel. Ask any man or woman in Australia to-day what are our national ideals, and you cannot get an answer. As far as I know we have only one, "A White Australia." What are the other things that we as a people are striving to achieve? They do not exist in any concrete form that can be taught to children, and that can thereafter through life be used as a guide by them.

Are we prepared to accept this Gospel of Happiness as a national ideal? If we are we shall have to evolve practical means for safeguarding the health of every unit in the community and securing to all conditions that will permit them to live a life of happiness, while at the same time giving them absolute freedom as individuals to go on and develop to the highest of their capacity, and to secure as much more happiness and achievement as their self-expression requires.

I appreciate that if we attempted to instil some ideal like this into our children to-day we would be disconcerted by the comment immediately made that we were not living up to it; that we permitted sickness and misery, and that we were callous as to whether some sections of the community lived or died. I venture, however, to suggest to the educationists that in the reconstruction of education in the future national ideals should find a foremost place.

To attain happiness, even if a man have good health and a good education, it is necessary for him to have the right to live in a good home. In the past we have left the matter of housing to the individual—with disastrous results. We have slums, tenements, overcrowded and insanitary homes, and exorbitant rents, resulting in the loss of health and happiness. Such conditions destroy individual efficiency. The present laws governing housing are absolutely inadequate, and the sooner we follow Great Britain's example and provide suitable homes for all, the better.

But if we are to have a huge housing campaign we must organize to carry out the job in the same way as a company would commence a campaign for the construction of big works. It is conceivable that we in Australia, having decided to build, say, fifty thousand houses, would take stock of the materials available in our own country; we would make enquiry as to the labour available; as it would be one big job we would proceed, after the preparation of plans, to prepare our timbers and other building materials in a large organized way. There would be no need for us to follow the methods of to-day. In some cities in Australia you can see bricks being carted from a brickyard in the north to a building site in the south, while at the same time bricks from a brickyard in the south are being carted to a site in the north; you can see labour residing in one suburb hurrying away to a distant suburb to work on a building, and meeting on the journey a stream of similar

men travelling in an opposite direction. Naturally there is waste of time, money, and effort. A great housing campaign for Australia would have to be put in the hands of practical men, who should be given authority to lay out the job and to carry on the actual building regardless of the precedents of previous practice, and with the sole desire to fill the community's want at the earliest possible moment.

Strangely enough we Australians have not shown that we are a practical people, but we are willing to learn. Our young men during the war have shown what they can do. It is time that we gave them a chance here in our own country to show whether they are competent as organizers and carriers-out of such a scheme as has been suggested. Where energy and new methods are required the younger men have got to be given control. Experience in other countries has shown this to be necessary.

I have suggested that it is essential to happiness that each individual should have secured to him health, education, and a good home. To this must be added the provision of decent town conditions with adequate facilities, such as parks and baths, for the enjoyment of his family and himself. I am rather hopeful of the birth of a new sense of civic pride. It seems possible to me that each town community can be so stimulated that it may be induced to organize its forces, its money, and its resources to make for itself any facilities which it needs. That this is practicable has been shown at Port Pirie.

To complete the basis of his happiness a man must also be placed in the position of receiving wages at a rate which will leave him an adequate margin after paying his cost of living. It is essential that each should have free money to spend on his or her hobby or pleasure or personal improvement. In earning these wages each must work under decent conditions, in a healthy atmosphere where there is no suspicion of tyranny. Increased money alone would not give these benefits.

A glance at these requirements, which appear essential to the happiness of Australians, shows that no increase of wages or reduction of hours would enable units of the industrial army to secure them. You cannot, as an individual, buy health by receiving an additional shilling a day in wages. Ill health will mar the happiness of any one, no matter what income he has. Hundreds of thousands of men have struck and suffered to get increased wages, and have

succeeded, only to find that in a few weeks the increased cost of living has taken from them their increased wages. A man living with his family in a hovel, or a crowded tenement, cannot get a decent house for them even if his wages are increased, unless somebody else has built a house and is willing to rent it to him. No individual by getting a rise in wages can improve the conditions of his town, nor remedy his defective education, and if I have correctly stated the basic conditions for material happiness, it is not difficult to understand that every advantage gained by trades unionism is doomed to failure, and the results of every successful strike turn to Dead Sea fruit. No wonder then that the world is filled with great unrest. A large number of people are disgusted with their failure to achieve happiness. See the true perspective of our present conditions in the light of this Gospel of Happiness, and is it any wonder that Australia to-day resounds with alarming discontent and unhappiness? We were only playing with industrial conditions when we legislated to provide a minimum wage, hours, and conditions. For instance, to fix wages without controlling the cost of living is love's labour lost. Cost of living can travel faster than increase of wages. Good conditions for a man during the eight hours he works, in the absence of the basic conditions just outlined for the other sixteen hours of each day, only barb his discontent.

If we attempt to re-organize our community so as to secure to each the basic conditions of happiness, we have to face the problem of unemployment. I do not think the community can evade its obligation to grant the right to work to all willing to do so, nor can it evade the obligation to find that work. I go further, and believe if the community fails to find work for one of its units it should pay him or her some form of sustenance. This latter principle has been introduced into Australia in connection with our returned soldiers, and in Great Britain in connection with displaced munition workers. A statement was recently made that one million munition workers were receiving sustenance at the rate of twenty-five shillings a week owing to munition work having ceased. We in Australia have felt it a duty to returned soldiers to adopt a similar practice. When our soldiers come home, the duty rests on us of being able to re-establish them in civil life. The Federal Government has already put into operation the practice of paying liberal sustenance if it is unable to find work for the

soldier. Great Britain admits a similar obligation in regard to munition workers. It is but a short step further to admit that a community which cannot find work for its units must pay them. A man has still to find a home, food, and clothing for his wife and children, even if he is out of work. They cannot be allowed to starve. It is wicked to suggest that any such dire necessity should be allowed to overtake them. It would be a vicious community which permitted such a thing to happen. In the past we have allowed them to be cared for through some charitable organization. I suggest that there should not be any element of charity in regard to such cases, but that the community should face its obligations and grant the right of sustenance to any person willing to work but for whom a suitable occupation cannot be found. If this is to be done a wise community, recognizing the liability which would fall on it under this system, and which to-day falls on it without it clearly recognizing its loss, would so organize its business as to have reserve occupations for people who have lost their employment. In this connection, in addition to all public works, the provision of new houses appears to be suitable. We need, say, fifty thousand houses in Australia to-day, and if the building of these were organized under one control, the actual work of construction could be carried out in respect to many of them at times when employment was scarce in other directions. If some hundreds of men lost their employment they might be transferred to the Home Building Department. They would not, in many cases, be efficient workmen, and their advent might infringe upon the claims of certain craftsmen that they have the sole right of doing such work as carpentering and bricklaying; but just as there was dilution of labour in England to secure an adequate output of munitions, so we may find it necessary to provide for a dilution of labour here in order to have an adequate output of homes in Australia.

Remembering now the picture which I have drawn of the disorganization of our present system, of its faults and its callousness, you will agree that reconstruction is going to be difficult, but I am sure that there are big-hearted Australians in our community who, if the call is made, will willingly give their time, their experience, and their knowledge in an effort to devise practical means for achieving greater happiness in Australia for all.

In such reconstruction we must necessarily keep clearly before

us the necessity for increased production. This can only be achieved by greater efficiency. If we are to carry our enormous war burdens, and if we are to meet the competition of such countries as America, which is rapidly re-organizing its industries, as previously indicated, we shall have to make an early start. Personally I believe that under our Australian conditions we can only get true efficiency and high production by re-organizing our system under central direction, and by providing conditions of life which will ensure that everybody commences his daily work physically and mentally well. If it were possible to bring to their work in the morning all men and women at present engaged in commerce and industry, in a condition of perfect fitness—physical and mental—the output might easily be twice, if not three to five times what it is to-day. I do not believe that any special monetary inducement will, by itself, be successful in getting increased production from employees in Australia. The secret lies in the fact that the Australian, bred under free conditions, is a curious animal. There are plenty of things which you cannot induce him to do for money. Yet there is no effort that he will not put forth, even if it costs him his life, if he is doing it for a cause in which he believes, if, in short, he wills to do it. As I see the position, the secret of increased production as far as employees are concerned, lies in our bringing about a change in their point of view. If they feel that they are not fairly treated, no monetary reward will induce them to give their fullest production. Until we can get them to come to work physically and mentally well, we shall not succeed in obtaining increased output; but given these conditions, I believe they will no more be able not to give self-expression to themselves in increased effort than a flower can help opening to the sun. I further believe that when we have given absolute demonstration as a community that we intend to secure these basic conditions of happiness for all, the "go slow" policy will die; until then we have no remedy against it, nor much hope of increased production.

If we succeed in changing the point of view of our people and securing to them the basic conditions of happiness, it does not mean that every individual will be content with these minimum conditions, but I think it will be feasible to keep the way open for all men and women equally to get as much more happiness as their temperament and capacity require; in other words, we would

say, "We give everybody the basic conditions of happiness which insure to them at least a minimum, and we leave everybody free, so long as they do not infringe on the rights of others, to go on and develop to the fullest, the capacity within them."

If we reach such a time, what will the duty of the individual be? If the community is warm-hearted, generous, and thoughtful of the individual, will the individual give a return in kind? I feel sure of it. In our Australian community at least eighty-five per cent. of our people are decent, clean, white Australians, and with our majority rule they must always prevail. At the same time we have to do a little clear thinking on the question of equality. No matter what social system we are living under, we must realize that our industries will necessarily be organized in much the same way as they are at present. If you are to get high production you must have organization; if you are to have organization you must have discipline. The idea that an industry could be run by a committee of workmen is absurd. I have frequently pointed out in discussions with representatives of employees that every man in a community has two capacities. In the business in which he is engaged he has a position according to his capacity, and most of us find that owing to superior intelligence, or training, or knowledge, there are many people who occupy higher positions than we do. If we sought to alter these conditions and reduce all to an equality, we should in any organized industry where high technical knowledge is required, reduce our production to about one-tenth, and possibly to zero. For instance, in such a business as the Smelters of Port Pirie, there is a highly-trained staff of metallurgists, superintendents, and experts. These men have had a training from their early years in this particular business; if they had to commence to learn at their time of life to-day they would find it impossible to acquire the required knowledge. If a committee of workmen owned the Smelters and ran them, and, say, twenty experts were withdrawn, the production of lead would probably total not more than ten thousand tons a year. If the twenty experts then returned and took charge with exactly the same plant and exactly the same labour force, their production would be what it is at present—about a hundred and fifty thousand tons a year. We see, therefore, that the direct product of the labour force, uncontrolled and undirected, would possibly be ten thousand tons a year, but controlled and

directed properly it is a hundred and fifty thousand tons a year. Does this not mean that taking the total product, a hundred and forty thousand tons of it is produced by the directive capacity controlling the industry, and ten thousand tons by the labour controlling itself? It is, of course, only fair to point out that the increased production could not be obtained without the labour force, nor could the labour force obtain the increased production without the directive capacity. Consideration of an instance like this, I think, entirely explodes the idea current in some labour circles that the worker is robbed of the full product of his labour. It is inevitable that in such an industry men will be classified according to their capacity and receive remuneration accordingly. Hence certain men must have control over certain others. Alter that condition and you destroy the organization and annihilate the greater portion of the production. The Soviet Government in Russia has found this difficulty insuperable. The workmen there took control of industries. The result was disastrous. Everywhere, in the absence of expert guidance and business management, production approached the disappearing point, until there came the compromise with the capitalists, under which interest was paid to the owner of a factory and high salaries to the management and experts. But even now the outlook is black. Discipline has been destroyed in the industrial army of Russia, and the impassioned appeals by Lenin to the workers to impose self-discipline on themselves appear to be unheeded. The revolution in this respect has caused production to dry up, and the smash has been so great that it may be impossible to return to the old basis before starvation takes toll of millions. The position there is ghastly. So then all men cannot be equal when working in the army of production any more than in an army for military purposes; but once a man passes out through the gates of the works where he is employed in Australia he becomes a citizen, and as such is the equal of, and has equal rights, with all other citizens. There can be only one test of citizenship, namely, decency, and all decent Australian citizens, no matter what occupation they follow, are as good as the best people in the world; under our Constitution all have equal voting power and all have equality of opportunity to rise to the highest position in our country. It does not follow that because we are all equal in citizenship, we of differing tastes must make close companions of each other; ours would be only

freedom in name unless we were free to seek as our special friends those who have similar tastes and similar likings. Many of the best men that it has been my privilege to meet in Australia go to work in dungarees. Among them the love for Australia, the desire to achieve greatness for their own country and to mould it and fashion it until it stands as the finest and greatest in the world are very strongly marked. Any man would be proud to take these true Australians by the hand. I suggest, therefore, that we should keep clearly in mind this distinction, that in our daily employment we work according to our capacity, and in our citizen-life we are all equal. A more general recognition and expression of this principle will, I am sure, go a long way towards removing some of the prevailing bitterness in our community. As citizens we control Parliament, which in turn can control any industry. Hence there is no sound reason for seeking to set up some form of industrial control by employees.

We must at the same time make every effort to secure equality of opportunity for all. One of the greatest problems which the world faces to-day is to discover those in the community who have directive capacity. Speaking generally, I suppose there is only about one man in ten thousand with directive capacity, that is, capable of directing others in the carrying out of any big organized work. Again, I suppose there is not one man in half a million with directive capacity and constructive capacity combined. It is a most unusual combination, but any man who possesses it is a great asset to his country. He may be born in any home. The natural brain endowment of such a man is not hereditary in any class or section, although there are some people who, because of the accident of birth, claim superiority over others.

A wise community must be constantly watching for the advent of specially endowed young women and men and ever ready to afford them opportunities for training and for the development of their talents. This must be done in the interest of the community itself, for these are the women and men who, when discovered and placed in suitable positions, will best serve it. The possession of this natural brain power enables men to become leaders or captains of industry. They are born, and development comes with education and experience.

You cannot make a directive and constructive brain out of an

ordinary one: In the past we have in a vague sort of way endeavoured to provide educational facilities for the development of the individual with a super-brain. Our attempts in this direction, however, have been extremely defective owing to the fact that we have not fully recognized the urgent necessity that exists for finding and fostering these peculiarly gifted people and utilizing their great brain force for the community. Few of us clearly understand the difference which men of this stamp make to a country or an industry, and it is hard for some people to realize that it does not matter in a big industry, for instance, whether you pay them two thousand or five thousand pounds a year. If given the opportunity, such a man will be worth double or treble the money paid to him. During the war some countries were extremely fortunate in their possession of a large number of men of exceptional brain capacity. Other countries were less favoured in this respect, while others again neglected to take advantage of all the great mental forces at their disposal. Great Britain and America buttressed their political administration by calling in the best business brains to assist during the war. Australia did not follow suit. The following extract from an article written by Sydney Brooks in the "Fortnightly Review" is applicable to Australia:

"The prevailing low standard of commercial statesmanship in Parliament has again and again prejudiced and retarded American development, and its adverse consequences are likely to be peculiarly felt in an era such as we are about to enter, when the relationship between the Government and businesses will be intimate beyond all precedent, and when national commerce and national prosperity will be largely dependent upon the directing wisdom and organizing vision and capacities of each separate State."

If commerce and industry are humanized in the way in which I have indicated I should expect a surprising revelation regarding the increase in production. There will, of course, be many who will say that such conditions can only be brought about by the power of Parliament. Well, this is largely true, but special obligations fall on all employers to see that their employees are helped towards securing the basic conditions of happiness. It is comparatively easy to advance a theory. The difficulty is to create practical means of carrying it out. Hence any change from old conditions

will be slow, and the methods adopted will be altered from time to time as experience is gained. A little detailed information regarding the policy which the Broken Hill Associated Smelters Proprietary Limited at Port Pirie has carried out shows some progress made in applying this new spirit. I have had the privilege of being associated with that policy, and from my purely personal point of view I believe everything done there has been in accordance with the basic principles of the Gospel of Happiness enunciated to-night.

So far, I have not referred directly to industrial unrest and its causes, but I may say here that in my opinion the provision of the conditions which I have set out will end industrial unrest. That it has not succeeded in doing so at Port Pirie already is not due to the failure of the policy, but to the fact that it is impossible for a single industry to cover the whole field. Much must be left to the government, but the Associated Smelters has gone a considerable distance along the road. A disgruntled handful of men can always cause a small strike, and in any case it will take many years to get the new policy fully established and recognized. The Smelter employees at Port Pirie can, however, claim the distinction of never having lost one hour in production of lead during the war. The major portion of the supply of lead for Great Britain and her Allies went from Port Pirie, and night and day throughout the war, lead was poured out from the Smelters. No strike stopped the continuous stream. The staff and employees did their bit in the war, working continuously seven days a week until victory was secured.

At Port Pirie the health of the employees is considered of paramount importance, and everything possible is being done to protect and safeguard it. The progress in this direction has not been as rapid as was desired by the Company, owing to the stress laid upon it in producing the utmost quantity of lead during the period of the war. Reconstruction of buildings and rearrangement of plants were difficult under such circumstances, but the working conditions have been improved and every provision made at the works for succouring the injured and the sick. The directors of the Company recognized that the payment to injured workmen of one pound a week for incapacity due to accident was totally inadequate; no married man could, with the present high cost of living, possibly maintain his family on such a sum. Arrangements were therefore made for establishing an accident fund, out of

which the statutory payment of one pound a week could be supplemented. To this fund the employees contribute sixpence a week each, and the Company contributes sixpence a week, and out of the fund so created an injured man is paid thirty shillings a week. Under the South Australian Workers' Compensation Act as amended in December last, the rates were increased, so that Smelter employees who are members of the fund now receive altogether, from the fund and under the Workers' Compensation Act, three pounds ten shillings a week if married, and three pounds a week if single. This fund has grown in the eighteen months of its existence until there is a credit balance of about two thousand four hundred pounds, and arrangements have now been made to extend the fund to cover sickness, without increasing the contributions. The sickness payment will be one pound a week, and the scheme will be operated for twelve months in order to see what the demands on it for sickness claims will amount to. If necessary the position will then be reviewed. The administration of this fund is carried out by eleven trustees, eight of whom are elected by the different unions represented in the works, and three nominated by the Company. Membership is confined to unionists. The Company voluntarily gave the unions a majority of the representation, although it finds half the money. It was one of those matters in which the Company and its employees could co-operate together, and the same spirit has been applied in other activities. In each co-operative scheme for improving conditions the Company has insisted that the management must be carried out by the men, assisted by such representatives as the Company may nominate as most suitable to aid in securing success.

Regarding the Accident Fund, after eighteen months' experience it can be safely said that the administration has been excellent. To-day the Company follows the decisions of the trustees in paying compensation to injured men under the Act. If the trustees decide that the sufferer from an accident is entitled to accident pay from the fund, the Company follows that decision in paying the amounts required under the South Australian Act; in other words, a committee of representatives of the men decides who shall receive accident pay.

With a view to safeguarding the health and providing facilities for enjoyment and recreation, the Company not only grants a fort-

night's holiday on full pay to all employees who attend regularly, but has provided a holiday resort eighteen miles from Port Pirie, to which employees and their families have the right to go at week-ends, on holidays, or on annual leave. Port Pirie is unfortunately situated inasmuch as, though it is close to the Gulf, it has no sea-beach; it is low-lying and the climate is hot. The Company made a search for a suitable place at which to establish a holiday camp. An ideal spot was discovered eighteen miles away, on the opposite side of Spencer's Gulf, and it was named Weeroona. The only drawback is that fresh water has to be carried in barges from Port Pirie. There is a beautiful beach, good fishing and shooting. A main dining room has been erected, at which meals are provided by a permanent staff; each family has its own table, and one of its members does the waiting on the others. Sleeping accommodation is provided in well-furnished military tents equipped with wooden floors. The only work visitors have to do is to make the beds and keep the tents clean. For the rest of the time they may enjoy themselves in the way that pleases them best. Each night there is a concert or dance, or an open-air picture show. The camp is equipped with electric light, and water is laid on adjacent to every tent. It is a prohibition area. Hundreds of employees and their families have this year enjoyed a holiday at low cost. The Company provides free transportation for the men and their families to and from Weeroona, and they only pay the bare cost of living. In this way a healthy, recuperative holiday is brought within the reach of all.

Probably no innovation at Port Pirie has created more interest than the establishment of a co-operative store. This was the outcome of an investigation into the cost of living. The matter of cost of living is becoming a bugbear to every country in the world. Everywhere you can find large sections of employees who declare that they are no better off to-day when receiving, say, eleven and ninepence a day, than they were some years ago when they received seven and sixpence a day. In industries where the increased cost represented by an increase in wages can be added to the selling price and passed on to the consumer, it is comparatively easy to put up with the rise in wages, but in an industry such as the production of lead, this easy expedient of passing it on is not possible. Of every hundred tons of lead produced at Port Pirie, ninety-five tons

have to be sold across the sea in competition with producers of lead in other countries. Australian lead has no special merit above any other pig lead; the buyer does not bother regarding the country of origin; he buys at the lowest price. Consequently the smelters in Australia have no say in deciding the selling price. It is therefore impossible to pass on an increase in the cost of production caused by increased wages. The problem facing the Company was that every increase in wages was followed by an increase in the cost of living, necessitating a further increase in wages, and this process gave every sign of being interminable. It can easily be seen that a succession of increases would lead to the cost of production going up so high that Australia would be unable to compete with other countries, and as its product would be unsaleable, the whole industry in Broken Hill and Port Pirie would die. It became of the utmost urgency, therefore, to see if something could be done to stop the irresistible march of the increase of cost of living. It was decided, after close consultation with the employees, to establish a co-operative store; the money required was found by the Company by way of a loan, on which it receives interest at the rate of five per cent. The Company laid it down that any goods handled must be sold at the estimated cost price, including wages in the store and general charges. In practice it has been found that fifteen per cent. on the landed cost at Port Pirie on any goods so far handled covers the cost of distribution; there is no profit, no advertising, and the business is concentrated under one roof and run in the least expensive way. Trading at the store is confined strictly to employees and their dependents. The co-operative store simply acts as agent for the employees. It buys for spot cash at the point of manufacture or production, brings the goods to Port Pirie in the most economical way, and distributes them from the store at the least possible cost. It may be remembered that evidence was given to the Interstate Commission in Melbourne by boot retailers that they could not carry on their businesses under an estimated cost of thirty-five to fifty per cent. on cost in the shop. These percentages, compared with fifteen per cent., indicate the savings which are being made in cost of living to employees at the smelters. So far only men's, women's, and children's boots, tobacco and men's clothing are dealt with, but the employees are

now urging the Company to extend operations to cover most other necessities of life. The management of the store is in the hands of the B.H.A.S. Co-operative Council, a body formed of representatives of each department in the works on the basis of one representative for every hundred employees. This gives twenty-seven representatives to the employees. In addition the Company has the right to nominate six representatives on the Council. There is an Executive of seven, charged with the active management of the store, comprising four representatives of the employees and three of the Company. This Executive meets weekly, and the Co-operative Council monthly. The general manager has the right of veto over any decision of the Council or Executive which he considers inimical to the business. All transactions are for cash; there are no bad debts. Since the establishment of this store at Port Pirie a similar institution has been created at the works of the Electrolytic Zinc Company of Australasia Proprietary at Risdon, near Hobart, and several other large industries also contemplate attempting to hold down the cost of living by similar means.

Port Pirie has been unfortunate inasmuch as the increase in the labour force at the smelters to meet the war demand has led to congested housing. The Company has now made a start with a housing scheme—the first six houses having been erected. Others are to be proceeded with as early as possible. The directors recognize that special consideration should be given to married men who have the responsibility of a family. It has not yet been decided whether or not the houses will be sold at cost price to the employees, as the first six had to be handed over to urgent cases on a rental basis. A special committee of the Co-operative Council was recently asked to frame a report on the best system of allotting the houses, and they produced a scheme under which due consideration should be given on a percentage basis to size of family, length of service, importance of a man to the industry, and other factors.

With a view to improving the town the Company supported a citizens' movement to improve the parklands by giving a donation of one thousand pounds. This area is rapidly being beautified, and is to be known as "The Soldiers' Memorial Park." The Company is also supplying the Municipal Council with electricity for town lighting at a low price.

Probably no event of recent times has brought the name of

Port Pirie so prominently before the public as the building of the children's playground of ten acres in one day by two thousand employees, assisted by their wives and daughters. Originally the Company announced that it would provide a children's playground, and the town council made available an area of ten acres centrally situate, from which to choose a site. This idea gradually expanded until, with the assistance of the Government Town Planner, a lay-out plan was prepared to cover the ten acres. This, it was estimated, could be carried out in five years by doing some portion every year, but one afternoon, while discussing the project with the Co-operative Council, I asked if any of the men would care to go and work on the ground voluntarily. I was asked; "How many men do you want?" I replied: "One thousand," and promptly one representative declared that they could get two thousand men. I undertook that if the Board consented, and two thousand men volunteered, we would make an effort to build the playground in one day. The directors of the Company generously agreed to find, free, all the material required if the men did the work. From then on, for six weeks, preparations were made. Hundreds of men came on the ground each day to put in foundations and make drains, while others gave up to one hundred hours of work in their spare time in the works, making wrought-iron gates, seats, and other requirements. Construction Day was favoured with fine weather, and the whole work went through smoothly to its completion. On that day the General Manager and the whole of the staff and men worked on a basis of equality; the General Manager planted trees under the direction of a smelterman; everyone was in shirt-sleeves; only workers were allowed on the ground. Throughout the day no orders could be heard, there was no confusion, and the extent of the work carried out was almost unbelievable. It was a great Australian Day, evidencing the true Australian spirit of unselfish work for the benefit of all, providing in one day a much-needed facility for the town and one which has been greatly appreciated, and in which the whole town has a pride.

Quite recently the employees, under their own leaders, organized another voluntary campaign which has resulted in a new fence being put round the Soldiers' Memorial Park by voluntary labour. Some of us hope that this new sense of citizenship may go on and

develop in other parts of Australia, with advantage to all sections of the community.

One further institution in the works at Port Pirie is perhaps worthy of mention—this is a provident fund, administered by a joint committee of the men and staff. The Company gave a sum of money to this fund and charged the trustees with the duty of lending sums of money to any employee in distress. The condition was made that no interest should be charged, as it was felt that any person in distress should be helped, and not burdened with interest. All transactions of these trustees are confidential, and are not disclosed outside their meetings. Instead of an employee in distress applying to the Company he applies to these trustees. They are the sole judges whether a loan shall be made. They decide the terms of repayment, and whether security shall be taken or not. In all these activities it must be noted that nothing is done without the close co-operation of the employees, but every assistance is given them to make such activities a success. An effort has been made to make them feel that they are members of the Big Lead Industry Family, and that they have the right to claim the assistance of the other members of the family in removing any condition which injures them.

With regard to unions, the Company recognizes them; it gives them wide freedom to bring up grievances and affords them opportunities for discussing them. Each employee in any case has the right to take his grievance to his foreman, or to the superintendent of his department, to the superintendent of the works, and, finally, to the General Manager. An effort has been made to give absolutely fair treatment to all, and the Company insists on getting similar fair treatment from its employees.

To me it seems that all these activities are based on the principles of the Gospel of Happiness. After all, life should not be all work; we find ourselves in the world under the necessity of working; if none of us works, then nature will not feed and clothe us. The community's obligation is to see that the essential things in life which we require are produced and obtainable. The biggest production that we can achieve with the least effort is only possible under skilful organization. As we all have to work it is better for us to co-operate; combined effort under efficient organization gives the greatest results for all. According to the

census of 1911 there are only twenty-three thousand people of independent means in Australia; the balance of us are all workers. It may be that our present organization throughout the community is faulty; it may be that some people receive more money or remuneration than they should; it certainly is true that there is much waste effort. Obviously, if we can eliminate this waste effort and direct it to productive channels there will be a greater pool of resources from which we can all draw our share. It is for Parliament, in accordance with the will of the majority, to adjust the basis of sharing, by taxation or by other means. It seems probable in most English-speaking countries that in the years to come there will be some limitation of profits; we have already seen the principle introduced in the coal trade in Great Britain. What other changes will follow time alone will show, but I suggest that by making the human factor the most important and the one to receive first consideration in commerce and industry, we will be taking the first great step towards the solution of our difficulties in this, the greatest transition period which the world has ever faced.

We are all members of the one big union—the great Australian Union. It covers every man, woman, and child in our country. We want to help each other, but it is so difficult to find practical ways and means. Their evolution will be slow, and can only come from sustained thought, effort and planning. Therefore we must be patient. But we should seek to make our one big Australian union so real that all can achieve happiness, and only then can we demonstrate that we are truly one people with one destiny.

